HEARING EXHIBIT NO. 17

(Merits Hearing of 4/3-4/2018)
In the matter of Docket No. 2017-292-WS:
Application of Carolina Water Service, Incorporated, for Approval of an Increase in Its Rates for Water and Sewer Services

I hereby certify this document to be a true copy of the original.

Date ___8/30/18



Audit Exhibit ZJP-1

EXHIBIT 4/4/18 PENGAD 800-631-6989 17 2017-292-WS

Carolina Water Service, Inc. Operating Experience, Rate Base and Rate of Return Combined Operations - Water and Sewer Service Territory 1 & 2 Docket No. 2017-292-WS

Test Year Ended August 31, 2017

2017-292-WS	(1) Application	(2) Accounting &		(3)	(4)		(5)
Description	Per Books	Pro Forma Adjustments	0.	After Accounting & Pro Forma Present	Proposed Increase	29	After Proposed Increase
Operating Revenues	\$	S		S	s	3	S
Service Revenuess- Water	10.351.801	445,276	m	10,797,077	2,394,421	(38)	13,191,498
Service Revenues • Sewer	10.602.605	(1,660,950)	(2)	8,941,655	2,292,098	(39)	11,233,753
Miscellaneous Revenues Uncollectible Accounts	474.882	22,313	0311	497,195	35,576	(40)	532,771
Onconectible Accounts	(309,649)	15,394	(4)	(294,255)	(53,292)	(41)	(347,547)
Total Operating Revenues	21.1 19.639	(1,177,967)		19,941,672	4,668,803	•	24,610,475
Maintenance Expenses							
Salaries and Wages Capitalized Time	2,565,425	134,298	(5)	2,699,723	0		2.699,723
Purchased Power	(525.777) 895,192	(15,911) (75,032)	(6)	(541,688)	0		(541,688)
Purchased Water and Sewer	3.313,014	598.804	nn nn	820,160 3,911,818	0		820,160 3,911,818
Maintenance and Repair	2,232,236	(32,474)	(9)	2,199,762	0		2,199,762
Maintenance Testing	265,450	(8,831)	010)	256,619	Ŏ		256,619
Meter Reading	110,205	(25)	CILI	110.180	0		110,180
Chemicals Transportation	487,720	(87,780)	(12)	399.940	0		399,940
Operating Exp. Charged to Plant	206,630 0	(1.065)	(13)	205,565	0		205.565
Total Maintenance Expenses	9,550,095	511,984		10.062,079	0		0
	9,550,095	311,964		10,062,079	0		10,062,079
General Expenses Salaries and Wages	700,280	(72.820)	a a man	*******			
Office Supplies & Other Office Exp	4 16.692	(72,820) (112,585)	(14)	627,460	0		627,460
Regulatory Commission Exp.	318,145	(229,367)	(15) (16)	304,107 88,778	0		304,107
Pension & Other Benefits	763,625	55,633	(171	819,258	0		88,778 819,258
Rent	25.580	(178)	(17)	25,402	0		25,402
Insurance	J12,963	(20,955)	(19)	292,008	Ö		292,008
Office Utilities	599,990	(59.574)	(20)	540,416	0		540,416
Outside Services Non-Utility Misc Income	281,034	(8,435)	(211)	272,599	0		272,599
Miscellaneous	0 34,173	(114.691)	00/12/12/17	0	0		0
Total General Expenses	3,452,482	(562,962)	(22)	<u>(80,508)</u> 2,889,520	0		(80,508) 2,889,520
		SANCE BUILDING		2,009,020			2,889,320
Depreciation	1,717,514	(83,079)	(23)	1,634,435	0		1,634,435
Amortization of CIAC Taxes Other Than Income	(416,355)	10,505	(24)	(405,850)	0		(405,850)
Income Taxes - State	2,925,145 177,733	101.876 (125,484)	(25)	3,027,021	24,473	(42)	3,051,494
Income Taxes - Federal	1,074,691	(866,213)	(26h (27)	52,249 208,478	232,218 926,544	(43)	284,467 1,135,022
Sale of Utility Property	(29,323)	29,323	(28)	0	920.344	(44)	1.155,022
Amort. Investment Tax Credit	(8,853)	0	1=01	(8,853)	ő		(8,853)
Amortization of PAA	(17,129)	1,756	(29)	(15,373)	0		(15,373)
Total Other Expenses	5,423,423	(931,316)		4,492,107	1,183,235		5,675,342
Total Operating Expenses	18,426,000	(982,294)		17,443,706	1,183,235		18.626,941
Net Operating Income	2,693,639	(195,673)		2,497,966	3,485,568		5,983,534
Customer Growth	0	24,448	(30)	24,448	37,983	(45)	62,431
Interest During Construction	(89,608)	89,608	(31)		0	(49)	0
Net Income (Loss) For Return	2,783,247	(260,833)	:	2,522,414	3,523,551		6.045,965
Original Cost Rate Base:							
Gross Plant In Service	101,446,033	(6.274,846)	(32)	95,171,187	0		95,171,187
Accumulated Depreciation	(15,938,540)	2,949,621	(33)	(12.988.919)	0	200	(12,988,919)
Net Plant In Service Deferred Charges	85,507,493 0	(3,325,225)		82,182,268	0		82,182,268
Cash Working Capital	1,625,322	(6,372)	(34)	1.618.950	0		0
Contributions In Aid of Construction	(21,662,799)	732,675	(35)	(20,930,124)	0		1.618,950 (20,930,124)
Accumulated Deferred Income Taxes	(7,539,471)	100 CONT.	1991	(7,539,471)	ő		(7,539,471)
Customer Deposits	(336,522)	12		(336,522)	Ō		(336,522)
Advances in Aid of Construction Plant Acquisition Adjustment	0 (892,626)	32,541	(36)	0 (860,085)	0		(860,085)
Total Rate Base	56,701,397	(2,566,381)	// -	54.135,016	0	-	54,135,016
Return on Rate Base	4.91%			4.66%		=	11.17%
Oberating Mangin	4.88%		=	4.06%		=	17.60%
Interest Expense	1,752,211	(38,520)	(37)	1.713,691	0	-	1,713,691
4.0		(,)	(97) =	*********		=	1,713,091

Carolina Water Service, Inc. Operating Experience, Rate Base and Rate of Return Water Service Territory 1 Docket No. 2017-292-WS

DUCK	* TAO. W.	011-275	- 111		
Test Year	Ended	August	31,	2017	

	(1) Application Per	(2) Accounting & Pro Forma		(3) After Accounting & Pro Forma	(4) Proposed		(5) After Proposed
Description	Books S	Adjustments		Present	Increase		Increase \$
Operating Revenues Service Revenues - Water	6 452 076	246 007		5,798,982	1 276 063		7 175 024
Miscellaneous Revenues	5,452,075 77,994	346,907 38,775	(1)	116,769	1.376,052 5,679	(38)	7,175,034 122,448
Uncollectible Accounts	(74,834)	(4,612)	(4)	(79,446)	(23,464)	(41)	(102,910)
Total Operating Revenues	5,455,235	381,070		5.836,305	1.358,267		7,194,572
Maintenance Expenses Salaries and Wages	734,418	147,974		882,392	0		882,392
Capitalized Time	(152,357)	(22,727)	(5) (6)	(175,084)	0		(175,084)
Purchased Power	98,484	0	(7)	98,484	0		98,484
Purchased Water and Sewer	1,584,518	507,467	(8)	2.091.985	0		2,091,985
Maintenance and Repair Maintenance Testing	238,310 47,105	157,941 0	(9)	396,251 47,105	0		396,251 47,105
Meter Reading	27,157	ő	(10) (11)	27,157	0		27,157
Chemicals	171,165	0	(12)	171,165	0		171,165
Transportation	65,923	(338)	(13)	65,585	0		65,585
Operating Exp. Charged to Plant	0	0		0	0		0
Total Maintenance Expenses	2,814,723	790,317		3,605,040	0		3,605,040
Salaries and Wages	223.895	(3,616)	(14)	220,279	0		220,279
Office Supplies & Other Office Exp	140,296 89,055	(1)	(15)	140,295 27,698	0		140,295 27,698
Regulatory Commission Exp. Pension & Other Benefits	244,150	(61,357) 21,219	(16) (17)	265,369	0		265,369
Rent	882	0	(18)	882	ŏ		882
Insurance	100,059	0	(19)	100.059	0		100.059
Office Utilities	171.113	0	(20)	171,113	0		171,113
Outside Services Non-Utility Misc Income	93,301	0	(21)	93,301 0	0		93,301 0
Miscellaneous	10,937	(35,694)	(22)	(24,757)	0		(24,757)
Total General Expenses	1,073,688	(79,449)	(44)	994,239	0		994,239
Depreciation	408,320	3,174	(22)	411,494	0		411,494
Amortization of CIAC	(153,614)	(11,458)	(23) (24)	(165,072)	ő		(165,072)
Taxes Other Than Income	941,798	(386,708)	(25)	555,090	7,120	(42)	562,210
Income Taxes - State	57,365	(48,303)	(26)	9,062	67,558	(43)	76.620
Income Taxes - Federal Sale of Utility Property	352,610	(316,451)	(27)	36,159 0	269.554	(44)	305,713
Amort. Investment Tax Credit	(9,565) (3,746)	9,565	(28)	(3,746)	0		(3,746)
Amortization of PAA	(13,504)	341	(29)	(13,163)	0		(13,163)
Total Other Expenses	1,579.664	(749.840)		829,824	344,232		1,174,056
Total Operating Expenses	5,468,075	(38,972)		5,429,103	344,232		5,773,335
Net Operating Income	(12,840)	420,042		407,202	1.014,035		1,421,237
Customer Growth Interest During Construction	0 (37,304)	6,378 37,304	(30)	6.378 0	15.881 0	(45)	22.259 0
			(31)				
Net Income (Loss) For Return	24,464	389,116		413,580	1,029,916		1,443,496
Original Cost Rate Base: Gross Plant In Service	23,487,720	457,867		23,945,587	0		23,945,587
Accumulated Depreciation	(4,854,113)	672,263	(32)	(4,181,850)	0		(4,181,850)
Net Plant In Service	18,633,607	1,130,130	1331	19.763.737			19,763,737
Deferred Charges	0	0		0	0		0
Cash Working Capital	486.051	88.859	(34)	574,910	0		574.910
Contributions In Aid of Construction Accumulated Deferred Income Taxes	(8,705,515) (2,037,503)	(293,006)	(35)	(8,998,521) (2,037,503)	0		(8,998,521) (2,037,503)
Customer Deposits	(96,794)	ő		(96,794)	0		(96,794)
Advances in Aid of Construction	0	0		0	0		0
Plant Acquisition Adjustment	(639.510)	0	(36)	(639,510)	0		(639,510)
Total Rate Base	7,640,336	925,983		8,566,319			8,566.319
Return on Rate Base	0.32%			4.83%			16.85%
Operating Margin	-8.44%			2.44%			16.29%
Interest Expense	484,978	(213,804)	(37)	271,174	0		271,174

Carolina Water Service, Inc. Operating Experience, Rate Base and Rate of Return Water Service Territory 2 Docket No. 2017-292-WS Test Year Ended August 31, 2017

	(1) Application Per	(2) Accounting & Pro Forma	*	(3) After Accounting	(4)		(5) After
Description	Books S	Adjustments		& Pro Forma Present	Proposed Increase S		Proposed Increase
Operating Revenues	\$2.V-PALLIANS, \$2 - 447	7.2			3		\$
Service Revenues - Water Miscellaneous Revenues	4,899,726 87,878	98,369 29,988	(1)	4,998,095 117,866	1,018,369	(38)	6.016,464
Uncollectible Accounts	(97,600)	(1,862)	(3)	(99,462)	8,203 (22,128)	(40) (41)	126,069 (121,590)
Total Operating Revenues	4.890,004	126,495	d s	5,016,499	1,004,444		6,020,943
Maintenance Expenses Salaries and Wages	606 705						
Capitalized Time	605,795 (121,565)	98,618 (15,005)	(5)	704,413 (136,570)	0		704,413
Purchased Power	174,030	(13,003)	(6) (7)	174,030	0		(136,570) 174,030
Purchased Water and Sewer	698,309	91,377	(8)	789,686	ō		789,686
Maintenance and Repair Maintenance Testing	393,248	41.193	(9)	434,441	0		434,441
Meter Reading	91,976 44,640	0	(10)	91,976	0		91,976
Chemicals	45,389	0	(11) (12)	44,640 45,389	0		44,640 45,389
Transportation	43,956	(218)	(13)	43,738	ŏ		43,738
Operating Exp. Charged to Plant	0	0	1.6.6.6		0		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Total Maintenance Expenses	1,975,778	215,965		2,191,743	0		2,191,743
Salaries and Wages	147,808	(5,357)	(14)	142,451	0		142,451
Office Supplies & Other Office Exp Regulatory Commission Exp.	72,002	(4,004)	100000000000000000000000000000000000000	67,998	0		67.998
Pension & Other Benefits	61,841 161,182	(41,702) 45,872	(16)	20,139	0		20,139
Rent	22,222	45,672	(17) (18)	207,054 22,222	0		207,054 22,222
Insurance	66.064	Ö	(19)	66,064	ő		66,064
Office Utilities	172,712	0	(20)	172,712	0		172,712
Outside Services Non-Utility Misc Income	51,922 0	0	(21)	51,922	0		51,922
Miscellaneous	7,191	(24,950)	(22)	(17,759)	0		(17.750)
Total General Expenses	762,944	(30,141)	1221	732,803	0	1	(17,759) 732,803
Depreciation	381,084	22,272	(22)	403,356	0	95	402.266
Amortization of CIAC	(6,917)	95	(23) (24)	(6,822)	0		403,356 (6,822)
Taxes Other Than Income	595,630	303,066	(25)	898,696	5,265	(42)	903,961
Income Taxes - State	48,377	(34,459)	(26)	13,918	49,959	(43)	63,877
Income Taxes - Federal Sale of Utility Property	285,967 (5,714)	(230,433)	(27)	55,534	199,336	(44)	254,870
Amort. Investment Tax Credit	(5,714)	5,714	(28)	0	0		0
Amortization of PAA	1.564	0	(29)	1,564	<u> </u>	-	1,564
Total Other Expenses	1,299,991	66,255		1,366,246	254,560		1,620,806
Total Operating Expenses	4.038,713	252,079	,	4,290,792	254,560	-	4,545,352
Net Operating Income	851,291	(125,584)		725,707	749,884		1,475,591
Customer Growth Interest During Construction	0 (1,227)	3,023 1,227	(30)	3,023	3,124	(45)	6,147
Net Income (Loss) For Return	-	OWE S	(31)	0	0	5	0
Market the server later tolers such action	852,518	(123,788)	:	728.730	753,008	=	1,481,738
Original Cost Rate Base: Gross Plant In Service	21,172,722	246 700		21 512 422			
Accumulated Depreciation	(2,943,316)	345,700 (35,802)	(32)	21,518,422	0		21,518,422
Net Plant In Service	18,229,406	309.898	(33)	(2,979,118)	0	_	(2,979,118)
Deferred Charges	0	0		0	ŏ		0
Cash Working Capital	342,340	23,228	(34)	365,568	0		365,568
Contributions In Aid of Construction Accumulated Deferred Income Taxes	(340,937) (2,015,134)	(1.566)	(35)	(342,503)	0		(342,503)
Customer Deposits	(2,015,134)	0		(2,015,134) (90,218)	0		(2,015,134)
Advances in Aid of Construction	0	ő		0	0		(90,218) 0
Plant Acquisition Adjustment	(131,612)	0	(36)	(131,612)		-	(131,612)
Total Rate Base	15,993,845	331,560		16,325,405	0	=	16,325,405
Return on Rate Base	5.33%		:	4.46%		_	9.08%
Operating Margin	6.95%			4.22%		=	16.03%
Interest Expense	512,661	4,134	(37)	516,795	0	-	516,795

Carolina Water Service, Inc. Operating Experience, Rate Base and Rate of Return Sewer Service Territory 1 and 2 Docket No. 2017-292-WS Test Year Ended August 31, 2017

Processing Pro		(1) Application Per	(2) Accounting & Pro Forma		(3) After Accounting & Pro Forma	(4) Proposed		(5) After Proposed
Departure Revenues Service Revenues 309,010 404,400 3 202,500 21,894 401 122,375 200,000 201,894 401 202,000 201,000	<u>Description</u>				Present	Increase	-	Increase
Miscellaneous Revenues		10 602 605	(1.660.050)		3707			
Total Operating Revenues	Miscellaneous Revenues	309,010						
Maintenance Expenses Salaries and Wages 1.225.212 112.294 65 1.112.918 0 1.112.918 Capabilated Time 1.241.825 1.182 66 1.220.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344 0 0 0.30.0344	Uncollectible Accounts	(137,215)	21,868	(4)	(115,347)	(7,700)		(123,047)
Salaries and Wages 1,225,127 (11,2294) (5) 1,112,918 0 (230,034) (200,034)	Total Operating Revenues	10,774,400	(1.685,532)		9,088,868	2,306,092		11,394,960
Capitalized Time		1 225 212	(112.204)		1.112.010			
Purchased Power 622.678 75.932 77 547.646 0 547.646 1300.147 1010.0147 1								
Maintenance and Repair 1.600.678 123.608 69 1.369.070 0 1.369.070 0 1.369.070 0 1.369.070 0 1.369.070 0 1.369.070 0 1.369.070 0 1.369.070 0 1.369.070 1.268.081 1.26			(75,032)	100000000000000000000000000000000000000	547.646	0		547,646
Maintenance Testing 123.599 (8.831) (10) 117.538 0 117.538 Chemicals 217.166 (87.780) (12) 183.383 0 38.383 Chemicals 271.166 (87.780) (12) 183.386 0 38.383 Chemicals 271.166 (87.780) (12) 183.386 0 0 0 0 0 0 0 0 0						15		
Meter Reading 38,408 (25) 111 38,333 0 38,383 Chemicals 271,166 (67,761) (150) (13) (13) (14) (14) Chemicals 271,166 (150) (13) (13) (14) (14) Chemicals 271,166 (150) (13) (14) (14) Chemicals 271,166 (150) (13) (14) (14) Chemicals 271,166 (150) (13) (14) (14) Chemicals 271,166 (14) (14) (14) Chemicals 271,166 (14) (14) (14) (14) (14) Chemicals 271,166 (14) (14) (14) (14) Chemicals 271,166 (14) (14) (14) (14) (14) Chemicals 271,166 (14) (14) (14) (14) (14) Chemicals 271,166 (14) (14) (14) (14) (14) (14) Chemicals 271,166 (14)	Maintenance Testing							
Transportation			(25)	- 45000000000000000000000000000000000000	38,383	0		
Operating Exp. Charged to Plant 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 2.65.296 0 0 2.65.296 0 0 2.65.296 0 0 2.65.296 0 0 2.65.296 0 0 2.65.296 0 0 2.65.296 0 0 2.65.296 0 0 2.67.270 0 0 0 2.67.270 0 0 0 2.67.270 0 0 0 2.67.270 0 0 0 0 0 2.67.270 0 0 2.67.270 0 0 2.67.270 0 0 2.67.270 0 0 2.67.270 0 0 2.67.270 0 0 0 0 0 0 0 0 0 0 0 0 0 0 2.67.270 0 0 2.67.270 0 0 0 0 0 0								
Salaries and Wages 328.577 (63,847) (14) 264,730 0 264,730 0 526,730 0 526,730 0 526,730 0 526,730 0 526,730 0 526,730 0 526,730 0 526,730 0 526,730 0 526,730 0 526,730 0 526,730 0 526,730 0 526,730 0 626,730				(13)				96,242
Office Supplies & Other Office Exp 204,394 (108,580) (15) 95,814 0 95,814 Regulatory Commission Exp 167,249 (128,380) (15) 95,814 0 49,941 Pension & Other Benefits 338,293 (11,488) (17) 348,835 0 346,835 Rent 2,476 (178) (18) 2,298 0 2,228 Insurance 146,840 (20,955) (19) 125,885 0 125,885 Outside Services 135,811 (8,433) (21) 195,591 0 195,591 Outside Services 135,811 (8,433) (21) 127,376 0 127,376 Non-Utility Misc Income 0 0 0 0 0 0 127,376 Non-Utility Misc Income 1,615,850 (45),377 (22) (37,992) 0 137,291 Total General Expenses 1,615,850 (45),377 21 3,932 1 1,62,478 Depreciation 928,110	Total Maintenance Expenses	4,759,594					· .	4,265,296
Regulatory Commission Exp. 167,249 (126,308) 166 40,941 0 40,941 Pension & Colter Benefits 358,293 11,158 177 346,835 0 346,835 Rent 2.476 (178) 18 2.298 0 2.298 Bent 2.476 (178) 18 2.298 0 2.208 Busurance 146,8440 (2055) (19) 125,885 0 125,885 Office Utilities 256,165 (59,574) (20) 196,591 0 155,885 Office Utilities 256,165 (59,574) (20) 196,591 0 155,885 Office Utilities 256,165 (59,574) (20) 196,591 0 156,373 Nor-Utility Misc Income 16,15850 (343,372) 11,162,478 0 11,162,478 Obustide Services 1,615,850 (453,372) 1,162,478 0 1,162,478 Total General Expenses 1,615,850 (453,372) 1,162,478 0		100		(14)		0		264,730
Pension & Other Benefits 358.293 (11.458) (17) 346.835 0 2.298 1 2.298 2.298 1 2.298 2.2								
Rent	Pension & Other Benefits							
Insurance		2,476						
Outside Services 135.811 (8.435) (20) 127.376 0 190.937 Mon-Unlity Wise Income 0 0 0 0 127.376 0 127.376 Miscellaneous 16.045 (54.037) (22) 137.992) 0 (37.992) Total General Expenses 1.615.850 (433.37) (22) 16.02478 0 137.992) Depreciation 928.110 (108.525) (23) 819.585 0 819.585 Amortization of CIAC (255.824) 21.868 (24) (233.956) 0 (233.956) Amortization of CIAC (255.824) 12.885.18 (23) 1.573.235 12.088 (42) 1.585.323 Income Taxes - State 71.991 (42.722) (26) 29.269 11.701 (43) 14.343,90 Sale Of Utility Property (14.044) (319.329) (27) 116.785 457.654 (44) 574.430 Amortization of PAA (5.189) 1.415 (29) (3.774) 0				(19)				125,885
Non-Utility Misc Income 0				100000000000000000000000000000000000000				
Department Continues Continue Contin				(21)	127,570			
Depreciation				(22)			_	(37,992)
Amortization of CIAC (255,824) 21,868 (24) (233,956) 0 (233,956) 1 1 1 1 1 1 1 1 1	Total General Expenses	1.615,850	(453,372)		1.162,478	0	_	1,162,478
Take Solher Than Income 1.387,717 185,518 (25) 1.573,235 12.08 (42) 1.885,323 1.000 1.470 (43) 1.430,700 1.000m Taxes - Federal 436,114 (319,329) (27) 116,785 457,654 (44) 314,370 (43) 313,970 (43) 314,970 (43)			(108,525)	(23)	819,585	0		819,585
Income Taxes - State				10.0374.70				
Name Taxes - Federal 436.114 (319.329) (27) 116.785 457.654 (44) 574.439 (44) 14.044 (28) 0 0 0 0 0 0 0 0 0	(4일) 이 남은 모르게 되었다면 하면 가 아프로마스 프로 프레스트를 즐기							
Sale of Utility Property (14,044) (28) 0 (5,107) 0 (3,774) 0 (3,7	Income Taxes - Federal							
Amortization of PAA (5.189) 1.415 (29) (3.774) 0 (3.774) (3.			14,044		0		(44)	
Total Other Expenses 2.543.768 (247.731) 2.96.037 584.443 2.880.480 Total Operating Expenses 8.919.212 (1.195.401) 7.723.811 584.443 8.308.254 Net Operating Income 1.855.188 (490.131) 1.365.057 1.721.649 3.086.706 Customer Growth Interest During Construction 0 15.047 (30) 15.047 (31) 0 0 0 0 Net Income (Loss) For Return 1.906.265 (526.161) 1.380.104 1.740.627 3.120.731 Original Cost Rate Base: Cross Plant In Service 56,785.591 (7.078.413) (32) 49,707.178 0 49,707.178 Accumulated Depreciation (8.141.111) 2.313.160 (33) (5.827.951) 0 43,879.227 0 43,879.227 0 43,879.227 0 43,879.227 0 43,879.227 0 43,879.227 0 678.472 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 <								
Total Operating Expenses 8.919.212 (1.195,401) 7,723.811 584,443 8.308.254 Net Operating Income 1.855.188 (490,131) 1.365.057 1,721.649 3.086.706 Customer Growth 0 15.047 (30) 15.047 18.978 (45) 34.025 Interest During Construction (51.077) (51.077 (31) 0 0 0 0 Net Income (Loss) For Return 1.906.265 (526.161) 1.380.104 1,740.627 3.120.731 Original Cost Rate Base: (7.078,413 (32) 49.707,178 0 49.707,178 Accumulated Depreciation (8.141,111) 2.313.160 (33) (5.827.951) 0 (5.827.951) Net Plant In Service 48.644.480 (4.765.253) 43.879,227 0 43.879,227 Deferred Charges 0 (1.849) (34) 678.472 0 678.472 Contributions In Aid of Construction (12.616.347) 1.027,247 (35) (11.589,100) 0 (11.589,100) Accumulated Defered Income Taxes (3.486.834) 0 (3.486.834) 0 (3.486.834) Customer Deposits (149,510) 0 (149,510) 0 (149,510) Advances in Aid of Construction (12.516.347) (32.541 (36) (88.963) 0 (88.963) Total Rate Base 5.76% 4.72% 10.67% Operating Margin 10.69% 5.00% 5.00% 19.26% Operating Margin 10.69% 10.26% 19.26% 19.26% Operating Margin 10.69% 10.26% 19.26% 19.26% 19.26% Operating Margin 10.69% 10.26% 19.26%	SUPPROMESTIC PORT OF STREET AND STREET STREET			(29)		0		(3,774)
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Net Income (Loss) For Return 1.906,265 (526.161) 1.380.104 1.740.627 3.120.731	Net Operating Income	1,855,188	(490,131)	s. i	1.365,057	1,721,649	-	3,086,706
Net Income (Loss) For Return 1.906.265 (526.161) 1.380.104 1.740.627 3.120,731							(45)	
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Accumulated Depreciation (8,141,111) 2,313,160 (33) (5,827,951) 0 (5,827,951) Net Plant In Service 48,644,480 (4,765,253) 43,879,227 0 43,879,227 Deferred Charges 0 0 0 0 0 0 Cash Working Capital 796,931 (118,459) (34) 678,472 0 678,472 Contributions In Aid of Construction (12,616,347) 1,027,247 (35) (11,589,100) 0 (11,589,100) Accumulated Deferred Income Taxes (3,486,834) 0 (3,486,834) 0 (3,486,834) Customer Deposits (149,510) 0 (149,510) 0 (149,510) Advances in Aid of Construction 0 0 0 0 (149,510) Advances in Aid of Construction 0 0 0 0 (88,963) Total Rate Base 33,067,216 (3,823,924) 29,243,292 0 29,243,292 Return on Rate Base 5.76% 4.72% 10,67%		24.502.504				2200		
Net Plant In Service								
Deferred Charges				(33)	The second secon		-	
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Accumulated Deferred Income Taxes (3,486,834) 0 (3,486,834) 0 (3,486,834) Customer Deposits (149,510) 0 (149,510) 0 (149,510) Advances in Aid of Construction 0 0 0 0 0 Plant Acquisition Adjustment (121,504) 32,541 (36) (88,963) 0 (88,963) Total Rate Base 33,067,216 (3,823,924) 29,243,292 0 29,243,292 Return on Rate Base 5.76% 4.72% 10.67% Operating Margin 10.69% 5.00% 19.26%								
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Advances in Aid of Construction 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Customer Deposits					150		
Total Rate Base 33,067.216 (3.823,924) 29,243,292 0 29,243,292 Return on Rate Base 5.76% 4.72% 10.67% Operating Margin 10.69% 5.00% 19.26%								0
Return on Rate Base 5.76% 4.72% 10.67% Operating Margin 10.69% 5.00% 19.26%	A.F. Strat. Massacks. and Massachement and design and d	X		(36)	CANADA TANDATT MARKAN	0	e e <u>-</u>	(88,963)
Operating Margin 10.69% 5.00% 19.26%		33,067,216	(3,823,924)		29,243,292	0	} =	29,243,292
17.20%	Return on Rate Base	5.76%			4.72%		=	10.67%
<u>Interest Expense</u> 754.572 171,150 (37) 925,722 0 925,722	Operating Margin	10.69%			5.00%		=	19.26%
	Interest Expense	754,572	171,150	(37)	925,722	0	_	925,722

Des	cription	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
Acc	ounting and Pro Forma Adjustments				
	Operating Revenues				
(1)	Service Revenues - Water				
	To adjust water service revenues to reflect test year customer billings.				
	Per ORS	445,276	346,907	98,369	0
	Per CWS	173,476	149,827	23,649	0
(2)	Service Revenues - Sewer				
	To adjust sewer service revenues to reflect test year customer billings.				
	Per ORS	(1,660,950)	0	0	(1,660,950)
	Per CWS	(1,692,502)	0	0	(1,692,502)
(3)	Miscellaneous Revenues			8 8 8 1	
	To adjust miscellaneous revenues for the test year,				
	Per ORS	22,313	38,775	29,988	(46,450)
	Per CWS	(17,433)	0	0	(17,433)
(4)	Uncollectible Accounts				
	To adjust uncollectible accounts to reflect accounting and proforma adjustments to service revenues.				
	Per ORS	15.394	(4,612)	(1,862)	21.868
	Per CWS	15,498	(2,078)	(466)	18,042
	Maintenance Expenses				
(5)	Salaries & Wages				
	To annualize operators' salaries for the test year and account for the removal of the I-20 sewer system.				
	Per ORS	134,298	147,974	98,618	(112,294)
	Per CWS	67,880	68.588	51,935	(52.643)
(6)	Capitalized Time				
	To adjust capitalized time based on pro-forma salaries and account for the removal of the I-20 sewer system.				
	Per ORS	(15,911)	(22,727)	(15,005)	21,821
	Per CWS	(4.788)	(9,560)	(7,077)	11,849

Desc	ription	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(7)	Purchased Power	Operations	Operations	Operations	Operations
	To adjust purchased power for removal of 1-20 facility.				
	Per ORS	(75,032)	0	0	(75,032)
	Per CWS	(75,032)	0	0	(75,032)
(8)	Purchased Water and Sewer				
	To adjust purchased water & sewer expense to reflect a going forward expense level.				
	Per ORS	598.804	507,467	91,377	(40)
	Per CWS	587,002	484,280	102.762	(40)
(9)	Maintenance and Repair				
(9a)	To increase maintenance and repair for deferred maintenance.				
	Per ORS	(12)	1.000	7.404	20 (12)
	Per CWS	(13)	4.696	3,404	(8.113)
(0b)		8,100	4.696	3,404	0
(9b)	To remove expenses associated with 1-20 facility.				
	Per ORS	(116,131)	0	0	(116,131)
.	Per CWS	(116,131)	0	0	(116,131)
(9c)	To increase maintenance and repair for deferred purchased water expenses.				
	Per ORS	191,034	153,245	37,789	0
	Per CWS	230,386	186,306	44.080	0
(9d)	To decrease maintenance and repair to normalize abnormal sludge hauling expense due to consent orders with DHEC.				
	Per ORS	(96,892)	0	0	(96,892)
	Per CWS	0	0	0	0
(9e)	To decrease maintenance and repair for reclassifying certain expenses to rate base.				
	Per ORS	(10,472)	0	0	(10,472)
	Per CWS	0	0	0	0
(9)	Total Maintenance and Repair Per ORS	(32,474)	157,941	41,193	(231,608)
	Total Maintenance and Repair Per CWS	122,355	191,002	47,484	(116,131)

Desc	ription	\$ Combined Operations	\$ Water Terr, 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(10)	Maintenance Testing		-		
	To remove expenses associated with I-20 facility.				
	Per ORS	(8,831)	0	0	(8,831)
	Per CWS	(8,831)	0	0	(8,831)
(11)	Meter Reading				
	To remove expenses associated with I-20 facility.				
	Per ORS	(25)	0	0	(25)
	Per CWS	(25)	0	0	(25)
(12)	Chemicals				
	To remove expenses associated with I-20 facility.				
	Per ORS	(87,780)	0	0	(87,780)
	Per CWS	(87,780)	0	0	(87,780)
(13)	Transportation				
(13a)	To remove expenses associated with I-20 facility.				
	Per ORS	(26)	0	0	(26)
	Per CWS	(26)	0	0	(26)
(13b)	To remove expenses associated with sale of utility property.				
	Per ORS	(1,039)	(338)	(218)	(483)
	Per CWS	0	0	0	0
(13)	Total Transportation Per ORS	(1,065)	(338)	(218)	(509)
	Total Transportation Per CWS	(26)	0	0	(26)
	General Expenses				
(14)	Salaries & Wages				
	To annualize office salaries for the test year.				
	Per ORS	(72,820)	(3,616)	(5,357)	(63,847)
	Per CWS	(34,819)	(7,503)	(7,871)	(19,445)
(15)	Office Supplies & Other Office Expense				
(15a)	To remove nonrecoverable items.				
	Per ORS	(95,241)	(1)	(4,004)	(91,236)
	Per CWS	(95,241)	(1)	(4,004)	(91,236)

Desc	ription	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
_) To remove expenses associated with I-20 facility.			Operations	Operations
	Per ORS	(17,344)	0	0	(17.344)
	Per CWS	(17,344)	0	0	(17,344)
(15)	Total Office Supplies & Other Office Expense Per ORS	(112,585)	<u>(1)</u>	(4,004)	(108,580)
	Total Office Supplies & Other Office Expense Per CWS	(112,585)	(1)	(4,004)	(108,580)
(16)	Regulatory Commission Expense				
	To amortize current and unamortized prior rate case expenses over a three-year period.				
	Per ORS	(229,367)	(61,357)	(41,702)	(126,308)
	Per CWS	(133,357)	(31,154)	(33,388)	(68,815)
(17)	Pension & Other Benefits				
	To annualize pension and other benefits associated with proforma salaries.				
	Per ORS	55,633	21,219	45,872	(11,458)
	Per CWS	81,636	22,950	50,302	8.384
(18)	Rent				
	To remove expenses associated with I-20 facility.				
	Per ORS	(178)	0	0	(178)
	Per CWS	(178)	0	0	(178)
(19)	Insurance				
	To remove expenses associated with I-20 facility.				
	Per ORS	(20,955)	0	0	(20,955)
	Per CWS	(20,955)	0	0	(20,955)
(20)	Office Utilities				
	To remove expenses associated with I-20 facility.				
	Per ORS	(59,574)	0	0	(59,574)
	Per CWS	(59,574)	0	0	(59,574)
(21)	Outside Services				
	To remove expenses associated with I-20 facility.				
	Per ORS	(8.435)	0	0	(8.435)
	Per CWS	(8,435)	0	0	(8,435)

Desc	ription	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(22)	Miscellaneous				
(22a)	To remove expenses associated with I-20 facility.				
	Per ORS	(844)	0	0	(844)
	Per CWS	(844)	0	0	(844)
(22b)	To remove additional non-allowable expenses identified by ORS.				
	Per ORS	(113,837)	(35,694)	(24,950)	(53,193)
	Per CWS	0	0	0	0
(22)	Total Miscellaneous Per ORS	(114.681)	(35,694)	(24,950)	(54,037)
	Total Miscellaneous Per CWS	(844)	0		(844)
(23)	Depreciation Expense			·	
	To annualize depreciation expense for known and measurable plant in service including extraordinary retirements. See Audit Exhibit ZJP-6.				
	Per ORS	(83,079)	3,174	22,272	(108,525)
	Per CWS	(73,958)	18.316	(18.873)	(73,401)
(24)	Amortization of Contributions in Aid of Construction (CIAC)		-		
	To annualize the amortization of CIAC expense. See Audit Exhibit ZJP-6.				
	Per ORS	10,505	(11,458)	95	21,868
	Per CWS	14,935	(12,020)	86	26,869
(25)	Taxes Other Than Income				
(25a)	To adjust payroll taxes associated with adjusted salaries.				
	Per ORS	28.888	10,117	16,723	2,048
	Per CWS	32,858	5,106	13,879	13,873
	To adjust gross receipts and utility/commission taxes after the accounting and pro forma adjustments using a factor of .00524169.				
	Per ORS	23,787	7,766	5,756	10,265
	Per CWS	(8,198)	809	128	(9,135)
(25c)	To adjust for pro-forma property taxes.				
	Per ORS	286,173	(404,591)	280,587	410,177
	Per CWS	25,627	64,475	32,709	(71,557)
					0 (0)

	ription) To remove other taxes associated with I-20 facility.	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
	Per ORS	(236,972)	0	0	(236,972)
	Per CWS	0	0_	0	0
(25)	Total Taxes Other Than Income Per ORS	101,876	(386,708)	303,066	185,518
	Total Taxes Other Than Income Per CWS	50,287	70,390	46,716	(66,819)
(26)	Income Taxes - State				
	To adjust state income taxes after accounting and pro forma adjustments. See Audit Exhibit ZJP-7.				
	Per ORS	(125,484)	(48,303)	(34,459)	(42,722)
	Per CWS	(160,063)	(84.035)	(25,332)	(50,696)
(27)	Income Taxes - Federal				-
	To adjust federal income taxes after accounting and pro forma adjustments. See Audit Exhibit ZJP-7.				
	Per ORS	(866,213)	(316,451)	(230,433)	(319,329)
	Per CWS	(957,190)	(529,970)	(132,717)	(294,503)
(28)	Sale of Utility Property				
	To reflect the removal of sale of utility property for ratemaking purposes.				
	Per ORS	29,323	9,565	5,714	14,044
	Per CWS	29,323	9,565	5,714	14,044
(29)	Amortization of Plant Acquisition Adjustment ("PAA")				
	To adjust the amortization of the PAA.				
	Per ORS	1,756	341	0	1,415
	Per CWS	341	341	0	0
(30)	Customer Growth				
	To adjust for customer growth after the accounting and pro forma adjustments. The growth factors of 1.5662% for water territory 1, 0.4166% for water territory 2, and 1.1023% for sewer were computed by the Utility Rates Department.				
	Per ORS	24,448	6,378	3,023	15.047
	Per CWS	0	0	0	0

Desc	ription	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
	Interest During Construction ("IDC")	Орегинова	Operations	Operations	Operations
	To eliminate IDC for rate making purposes.				
	Per ORS	89,608	37,304	1,227	51,077
	Per CWS	89,608	37,304	1,227	51.077
(32)	Gross Plant in Service				
(32a)	To adjust plant in service for changes in allocations and service lives of vehicles and computers.				
	Per ORS	(84,429)	86,378	111,346	(282,153)
	Per CWS	0	(24,798)	45,267	(20,469)
(32b)	To adjust for excess book value per prior Commission orders.				
	Per ORS	(1,937,905)	(930,194)	0	(1,007,711)
	Per CWS	(493,722)	(208,836)	0	(284,886)
(32e)	To adjust for pro-forma general ledger additions, pro-forma plant, and pro-forma retirements.				
	Per ORS	2,922,554	1,301,683	234,354	1.386,517
	Per CWS	2,742,356	965,253	229,046	1,548,057
(32d)	To adjust for the removal of DHEC consent order consulting.				
	Per ORS	(306,552)	0	0	(306,552)
	Per CWS	0	0	0	0
(32e)	To adjust gross plant in service for removal of I-20 facility.				
	Per ORS	(6,868,514)	0	0	(6.868,514)
	Per CWS	(6,868,514)	0	0	(6,868,514)
(32)	Total Gross Plant in Service Per ORS	(6,274,846)	457.867	345,700	(7,078,413)
	Total Gross Plant in Service Per CWS	(4,619,880)	731,619	274,313	(5,625,812)
(33)	Accumulated Depreciation				
(33a)	To adjust accumulated depreciation for current depreciation, vehicles, computers, and prior rate case adjustments.				
	Per ORS	453,963	(8,158)	(35,802)	497,923
	Per CWS	245,171	135,339	(99,028)	208,860

	ription) To adjust accumulated depreciation for excess book value.	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
	Per ORS	1,417,544	680,421	0	737,123
	Per CWS	0	0	0	0
(33c	To adjust accumulated depreciation for removal of I-20 facility.				
	Per ORS	1,078,114	0	0	1,078,114
	Per CWS	1,078,114	0	0_	1.078,114
(33)	Total Accumulated Depreciation Per ORS	2,949,621	672,263	(35,802)	2,313,160
	Total Accumulated Depreciation Per CWS	1,323,285	135,339	(99,028)	1,286,974
(34)	Cash Working Capital				
	To adjust cash working capital after accounting and pro forma adjustments. See Audit Exhibit ZJP-8.				
	Per ORS	(6,372)	88,859	23,228	(118,459)
	Per CWS	38,664	89,825	25,018	(76,179)
(35)	Contributions in Aid of Construction ("CIAC")			2	
	To adjust CIAC to reflect the amortization of CIAC expense, pro-forma CIAC additions, and the removal of I-20 CIAC. See Audit Exhibit ZJP-6.				
	Per ORS	732,675	(293,006)	(1,566)	1,027,247
	Per CWS	1,377,162	5.128	30	1,372,004
(36)	Plant Acquisition Adjustment ("PAA")				
	To adjust the PAA to reflect the removal of the I-20 facility.				
	Per ORS	32,541	0	0	32,541
	Per CWS	32,541	0	0	32,541
(37)	Interest Expense				
	To adjust interest on debt using a 48.11% and 51.89% debt to equity ratio and 6.58% cost of debt. ORS computed allowable interest expense after accounting and pro forma adjustments. See Audit Exhibit ZJP-9.				
	Per ORS	(38,520)	(213,804)	4,134	171,150
	Per CWS	(10,737)	(211,875)	1,471	199,667

	ription posed Increase	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(38)	Service Revenues - Water				
	To adjust water service revenues for ORS's recalculation of the Company's proposed rate increase.				
	Per ORS	2,394,421	1,376,052	1,018,369	0
	Per CWS	2,312,034	1,317,240	994,794	0
(39)	Service Revenues - Sewer				
	To adjust sewer service revenues for ORS's recalculation of the Company's proposed rate increase.				
	Per ORS	2,292,098	0	0	2.292.098
	Per CWS	2,284,616	0	0	2,284,616
(40)	Miscellaneous Revenues				
	To adjust miscellaneous revenues for ORS's recalculation of the Company's proposed rate increase.				
	Per ORS	35,576	5,679	8,203	21,694
	Per CWS	0	0	0	0
(41)	Uncollectible Accounts				
	To adjust for uncollectible accounts associated with the Company's proposed rate increase.				
	Per ORS	(53,292)	(23,464)	(22,128)	(7.700)
	Per CWS	(85,236)	(17.693)	(21,426)	(46,117)
(42)	Taxes Other Than Income				
	To adjust gross receipts and utility/commission taxes associated with the Company's proposed increase using a factor of .00524169.				
	Per ORS	24,473	7,120	5,265	12,088
	Per CWS	24,810	7.110	5,369	12,331
(43)	Income Taxes -State				
	To adjust state income taxes associated with the Company's proposed increase. See Audit Exhibit ZJP-7.				
	Per ORS	232,218	67,558	49,959	114,701
	Per CWS	224,330	64,622	48,400	111,308

Desc	ription	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(44)	Income Taxes - Federal				
	To adjust federal income taxes associated with the Company's proposed increase. See Audit Exhibit ZJP-7.				
	Per ORS	926,544	269,554	199,336	457,654
	Per CWS	1,491,795	429,735	321.859	740,201
(45)	Customer Growth				
	To adjust for customer growth after proposed increase. The growth factors of 1.5662% for water territory 1, 0.4166% for water territory 2, and 1.1023% for sewer were computed by the Utility Rates Department.				
	Per ORS	37,983	15,881	3,124	18.978
	Per CWS	0	0	0	0

Carolina Water Service, Inc. Depreciation and Amortization Expense Adjustments Docket No. 2017-292-WS For the Test Year Ended August 31, 2017

	Combined Operations	Water Terr. 1 Operations	Water Terr. 2 Operations	Sewer Operations
Depreciation Expense	•	Ψ	J	J.
Gross Plant @ 8-31-17 Add:	101,446,033	23,487,720	21,172,723	56,785,590
ORS Net Plant Additions Adjustment Less:	(6,274,846)	457,867	345,700	(7,078,413)
Organization @ 8/31/17	334,859	84.616	213,814	36,429
Land @ 8/31/17	702,610	325,067	271,444	106,099
Engineering Expenses over 10 years (Ends 2026)	28,264	0	0	28.264
Vehicles @ 2/12/18 (ORS Adjusted Per Books)	1,782,232	577,034	446,046	759,152
Computers @ 2/12/18 (ORS Adjusted Per Books)	3,474,416	1,219,711	788,782	1,465,923
Net Plant @ 2/12/18	88,848,806	21,739,159	19,798,337	47,311,310
Plant Depreciation @ 1.5% (66.67 years)	1,332,732	326,087	296,975	709,670
Vehicles @ 2/12/18	1,782,232	577.034	446,046	759,152
Less: Fully Depreciated Vehicles	1,019,584	336,746	256,508	426,330
Net Vehicles @ 2/12/18	762,648	240,288	189,538	332,822
Vehicle Depreciation @ 20.00% (5 years)	152,530	48,058	37,908	66,564
Computers @ 2/12/18	3,474,416	1,219,711	788.782	1,465,923
Less: Fully Depreciated Computers	2,706,042	949,970	614,342	1,141,730
Net Computers @ 2/12/18	768,374	269,741	174,440	324,193
Computer Depreciation @ 12.5% (8 years)	96,048	33,718	21,805	40,525
Indian Pines Extraordinary Retirement (Ends 2029)	54,441	54,441	0	0
Indian Pines Depr. @ 6.67% (15 years)	3,631	3,631	0	0
Purdy Shores & Foxwood Retirement (Ends 2024)	466,682	0	466,682	0
PS & Foxwood @ 10% (10 years)	46,668	0	46,668	0
Engineering Expenses over 10 Years (Ends 2026)	28,264	0	0	28,264
Engineering Expense Depr. @ 10.00% (10 years)	2,826	0	0	2,826
ORS Total Depreciation	1,634,435	411,494	403,356	819,585
Less: Per Books Depreciation	1,717,514	408,320	381,084	928.110
ORS Depreciation Adjustment # 23	(83,079)	3,174	22,272	(108,525)
Company's Adjustment	(73,959)	18.316	(18,873)	(73,402)

Carolina Water Service, Inc. Depreciation and Amortization Expense Adjustments Docket No. 2017-292-WS For the Test Year Ended August 31, 2017

	Combined Operations	Water Terr. 1 Operations	Water Terr. 2 Operations	Sewer Operations
Amortization of CIAC Adjustment				
Gross CIAC @ 8/31/17	(28,342,338)	(10,700,360)	(453,420)	(17.188,558)
Remove I-20 WWTP Gross CIAC	1,913,189	0	0	1.913.189
Pro Forma CIAC Additions (as of 2/12/18)	(627.585)	(304,465)	(1,470)	(321,650)
ORS Adjusted Gross CIAC	(27,056,734)	(11,004,825)	(454,890)	(15,597,019)
Accumulated Amortization of CIAC @ 8/31/17	6,679,540	1,994,846	112,482	4,572,212
Remove I-20 WWTP CIAC Accumulated Amortization	(542,425)	0	0	(542,425)
ORS Amortization Adjustment #24	(10,505)	11,458	(95)	(21,868)
ORS Adjusted CIAC Accumulated Amortization	6,126,610	2,006,304	112,387	4.007.919
ORS Adjusted Net CIAC	(20,930,124)	(8,998,521)	(342,503)	(11,589,100)
Less: Per books CIAC	(21,662,799)	(8,705,515)	(340,937)	(12,616,347)
ORS Net CIAC Adjustment # 35	732,675	(293,006)	(1,566)	1,027,247
CIAC Amortization @ 1.5% (66.67 years)	(405,851)	(165,072)	(6,823)	(233,956)
Less: Per Books Amortization of CIAC	(416,356)	(153,614)	(6,918)	(255,824)
ORS CIAC Amortization Adjustment # 24	10,505	(11,458)	95	21,868
Company's Adjustment	14,935	(12,020)	86	26,869
Amortization of PAA Adjustment			50 A 20 TO TO	
Gross PAA @ 2/12/18	(1,024,823)	(877.546)	104,292	(251,569)
PAA Amortization @ 1.5% (66.67 years)	(15,373)	(13,163)	1,564	(3.774)
Less: Per Books Amortization of PAA	(17,129)	(13,504)	1,564	(5,189)
ORS Amortization of PAA Adjustment #29	1,756	341	0	1,415

Audit Exhibit ZJP-7

Carolina Water Service, Inc. Computation of Income Taxes Docket No. 2017-292-WS For the Test Year Ended August 31, 2017

Operating Revenues 19.941.672 5.836.305 5,016,499 Less: Operating Expenses 17.182,979 5,383,882 4.221,340	29,269
Less: Operating Expenses 17,182,979 5,383,882 4,221,340 Net Operating Income Before Taxes 2,758,693 452,423 795,159 Less: Annualized Interest Expense 1.713,691 271,174 516,795 Taxable Income - State 1.045,002 181,249 278,364 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 52,249 9.062 13,918 Less: State Income Taxes Per Book 177,733 57,365 48,377	7.577,757 1.511,111 925,722 585,389 5.0% 29,269
Less: Operating Expenses 17.182,979 5,383,882 4,221,340 Net Operating Income Before Taxes 2,758,693 452,423 795,159 Less: Annualized Interest Expense 1.713,691 271,174 516,795 Taxable Income - State 1.045,002 181,249 278,364 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 52,249 9.062 13,918 Less: State Income Taxes Per Book 177,733 57,365 48,377	7.577,757 1.511,111 925,722 585,389 5.0% 29,269
Less: Annualized Interest Expense 1.713.691 271,174 516,795 Taxable Income - State 1.045,002 181,249 278,364 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 52,249 9,062 13,918 Less: State Income Taxes Per Book 177,733 57,365 48,377	925,722 585,389 5.0% 29,269
Taxable Income - State 1.045,002 181,249 278,364 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 52,249 9,062 13,918 Less: State Income Taxes Per Book 177,733 57,365 48,377	585,389 5.0% 29,269
State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 52,249 9,062 13,918 Less: State Income Taxes Per Book 177,733 57,365 48,377	5.0% 29,269
State Income Taxes 52,249 9,062 13,918 Less: State Income Taxes Per Book 177,733 57,365 48,377	29,269
Less: State Income Taxes Per Book 177,733 57.365 48,377	
OPGG . T	71.004
ORS State Income Tax Adjustment #23(125,484) (48,303) (34,459)	71,991
	(42,722)
Taxable Income - Federal 992,753 172,187 264,446	556,120
Federal Income Taxes % 21.0% 21.0% 21.0%	21.0%
Federal Income Taxes 208,478 36,159 55,534	116.785
Less: Federal Income Taxes Per Book 1.074.691 352.610 285,967	436,114
ORS Federal Income Tax Adjustment #24 (866,213) (316,451) (230,433)	(319,329)
After Applicant's Proposed Increase	
\$ \$ \$	\$
	Sewer perations
Operating Revenues 24,610.475 7,194,572 6,020,943 1	1,394,960
Language Control Contr	7.589,845
	3,805,115
Net Operating Income Before Taxes 7,403,023 1,803,570 1,794,338	110001110
Net Operating Income Before Taxes 7,403,023 1,803,570 1,794,338 Less: Annualized Interest Expense 1,713.691 271,174 516,795	925,722
Less: Annualized Interest Expense 1.713.691 271.174 516,795 Taxable Income - State 5,689,332 1,532,396 1,277,543	
Less: Annualized Interest Expense 1,713,691 271,174 516,795 Taxable Income - State 5,689,332 1,532,396 1,277,543	925,722
Less: Annualized Interest Expense 1,713.691 271,174 516,795 Taxable Income - State 5,689,332 1,532,396 1,277,543 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 284,467 76,620 63,877	925,722 2.879,393
Less: Annualized Interest Expense 1,713,691 271,174 516,795 Taxable Income - State 5,689,332 1,532,396 1,277,543 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 284,467 76,620 63,877	925,722 2.879,393 5.0%
Less: Annualized Interest Expense 1,713,691 271,174 516,795 Taxable Income - State 5,689,332 1,532,396 1,277,543 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 284,467 76,620 63,877 Less: State Income Taxes As Adjusted 52,249 9,062 13,918	925,722 2.879,393 5.0% 143,970
Less: Annualized Interest Expense 1,713,691 271,174 516,795 Taxable Income - State 5,689,332 1,532,396 1,277,543 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 284,467 76,620 63,877 Less: State Income Taxes As Adjusted 52,249 9,062 13,918 ORS State Income Tax Adjustment #43 232,218 67,558 49,959 Taxable Income - Federal 5,404,865 1,455,776 1,213,666 2	925,722 2.879,393 5.0% 143,970 29,269
Less: Annualized Interest Expense 1,713.691 271,174 516,795 Taxable Income - State 5,689,332 1,532,396 1,277,543 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 284,467 76,620 63,877 Less: State Income Taxes As Adjusted 52,249 9,062 13,918 ORS State Income Tax Adjustment #43 232,218 67,558 49,959 Taxable Income - Federal 5,404,865 1,455,776 1,213,666 2	925,722 2.879,393 5.0% 143,970 29,269 114,701
Less: Annualized Interest Expense 1,713.691 271,174 516,795 Taxable Income - State 5,689,332 1,532,396 1,277,543 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 284,467 76,620 63,877 Less: State Income Taxes As Adjusted 52,249 9,062 13,918 ORS State Income Tax Adjustment #43 232,218 67,558 49,959 Taxable Income - Federal Federal Income Taxes % 5,404,865 1,455,776 1,213,666 2,21.0% Federal Income Taxes 1,135,022 305,713 254,870	925,722 2.879,393 5.0% 143,970 29,269 114,701
Less: Annualized Interest Expense 1,713,691 271,174 516,795 Taxable Income - State 5,689,332 1,532,396 1,277,543 State Income Tax % 5.0% 5.0% 5.0% State Income Taxes 284,467 76,620 63,877 Less: State Income Taxes As Adjusted 52,249 9,062 13,918 ORS State Income Tax Adjustment #43 232,218 67,558 49,959 Taxable Income - Federal Federal Income Taxes % 5,404,865 1,455,776 1,213,666 21.0% Taxable Income Taxes % 21.0% 21.0% 21.0% 21.0%	925,722 2.879,393 5.0% 143,970 29,269 114,701 2.735,423 21.0%

Audit Exhibit ZJP-8

Carolina Water Service, Inc. Cash Working Capital Allowance Docket No. 2017-292-WS For the Test Year Ended August 31, 2017

After Accounting & Pro Forma Adjustments

Description	\$ Combined	\$ Water Terr. 1	\$ Water Terr. 2	\$ Sewer
Description	<u>Operations</u>	Operations	Operations	Operations
Maintenance Expenses	10,062,079	3,605,040	2,191,743	4,265,296
General Expenses	2,889,520	994,239	732,803	1.162.478
Total Expenses for Computation	12,951,599	4,599,279	2.924,546	5,427,774
Allowable Rate	12.50%	12.50%	12.50%	12.50%
Computed Cash Working Capital	1.618,950	574,910	365,568	678.472
Less: Cash Working Capital - Application Per Books	1,625,322	486,051	342,340	796,931
ORS Cash Working Capital Adjustment #34	(6,372)	88,859	23,228	(118,459)
Company's Cash Working Capital Adjustment	38,664	89,825	25,018	(76,179)

r Service, Inc.
Audit Exhibit ZJP-9

Carolina Water Service, Inc. Return on Equity Docket No. 2017-292-WS Capital Structure at August 31, 2017

Combined Operations

					Application Pe	r Books (Note 1)		After A	Accounting and	Pro forma Adjust	ments	After Applicant's Proposed Increase			
Description	-: :-	(Note) Capital Structure	Ratio	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt Common Equity	\$	221,748,924 239,179,224	48.11% \$ 51.89%	27,278,598 29,422,799	6.58% 3.36%	3 17% \$ 1.74%	1.794,932 \$ 988,315	26,043,932 28,091,084	6.58% 2.88%	3.17% \$ 1.49%	1.713,691 \$ 808,723	26.043.932 28.091,084	6.58% 15.42%	3.17% \$ 8.00%	1,713,691 4,332,274
Totals	\$ _	460,928,148	100.00% \$	56,701,397		4.91% \$	2,783,247 \$	54.135,016	1)	4.66% \$	2,522,414 \$	54,135,016		11.17% \$	6,045,965

Water Terr. 1 Operations

			_		Application Pe	r Books (Note 1)		After /	Accounting and	Pro forma Adjust	ments		fter Applicant	's Proposed Increa	se .
Description		Capital Structure	Ratio	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long®Term Debt Common Equity	\$	221.748,924 239.179.224	48.11% \$ 51.89%	3.675,706 3.964,630	6.58% -5.48%	3.17% \$ -2.84%	241,861 \$ (217,397)	4,121,189 4,445,130	6.58% 3.20%	3.177.94 \$ 1.669F	271,174 \$ 142,406	4,121,189 4,445,130	6.58% 26.37%	3.11789 \$ 13.689	271,174 1,172,322
Totals	\$_	460.928,148	100.00%	7,640,336		0.33% \$	24,464 \$	8.566,319	•	4.83% \$	413,580 \$	8,566,319	(i	16.85% \$	1,443,496

Water Terr. 2 Operations

	Application Per Books (Note 1)							After Accounting and Proforma Adjustments					After Applitant's Proposed Increase			
Description		Capital Structure	Ratio	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Ossi/Return	Income For Return	Rate Base	Embedded Cost/Return	Ozerali Cosi/Return	Income For Return	
Long-Term Debt Common Equity	\$ _	221,748,924 239,179,224	48.11 \$ \$ 51.89%	7,694,514 8,299,331	6.58% 4.17%	3.17% \$ 2.16%	506,299 \$ 346,219	7.854.025 8,471,380	6. 58 5 2.505	3.17% \$ 1.3092	516,795 \$ 211,935	7.854.025 8.471.380	6.58% 11.399%	3.117F% \$ 5.91%	\$16,79\$ 964,943	
Totals	\$_	460,928,148	11000)00% \$	15,993,845		5.33% S	852,518 \$	16,325,405		44179 S	728,730 \$	16,325,405	13	9,08% \$	1.481,738	

Sever Operationis

				12	Application Per	Books (Note 1)		After Accounting and Pro forma Adjustments				After Applicant's Proposed Increase				
Description		Capillil Structure	Ratio	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rale Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	
Long-Term Debt Common Equity	\$	221,748,924 239,179,224	48.1 IS \$ 51.89%	15.908,379 17,158,837	6.5874 5.0172	3.17% \$ 2.60%	1,046,771 \$ 859,494	14,068,719 15,174,573	6.58% 2.99%	3.10% \$	925.722 \$ 454.382	14,068,719 15,174,573	6.589 14.479	3.179F \$ 7.519F	925,722 2,195,009	
Totals	\$_	460,928,148	100.00% \$	33.067.216		5.77% \$	1,906,265 \$	29,243,292		4729 \$	1,380,104	29,248,292		10.68% \$	3.120.7311	

Note 1: The interest expense calculations reflect ORS's capital structure ratios and cost of debi applied to the Company's per book numbers.